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SUBJECT: CHINA PARTNERS WITH IAEA TO BUILD HUMAN RESOURCE CAPACITY
IN THE NUCLEAR ENERGY SECTOR

SUMMARY

11. (U) China has embarked on a major IAEA Technical Cooperation (TC) project focusing on Human Resource Capacity Building and Technical and Vocational Education and Training (TVET) to rehabilitate of eight national training centers. Each center will have a specialty such as radiation safety, needs assessments, uranium enrichment, waste management, and training of trainers. The aim of the IAEA TC project is to reduce stress on the already overburdened nuclear professionals in China and build national capacity in this area, thereby decreasing dependence on foreign experts. Upon completion, China also hopes to open its network of centers to other countries in Asia. To fund this TC project, China will contribute a total of USD 2 million through in-kind services and is seeking an additional USD 2,059,100 million in extrabudgetary funding from IAEA member states, in particular the Europeans. The PRC and IAEA hope that this project will create a framework transferable to the other TC Regions that would like to embark on similar projects. For the U.S., it provides an unusual and welcome example of transparency in the development of the IAEA's TC program.

PROJECT SPECIFICS

12. (U) PRC representatives in Vienna, on March 6, outlined for P5 and donor delegations medium and long-term plans for nuclear power development. China hopes that no fewer than twelve new reactors will be fully operational by 2020. R&D achievements noted by the PRC include large scale thermal-hydraulic test loops, a heavy water research reactor, a tandem accelerator and an experimental fast reactor. While the PRC is focusing on energy self-reliance, China seeks international cooperation in order to develop a network of research centers through which countries in the region would gain access to training and development. Total project funding is USD 4 million over three years with most of the PRC contribution in construction, equipment and R&D and a requested USD \$2,059,100 in unconstrained funding from other member states.

13. (U) In rolling the project out, the PRC highlighted strong involvement from the IAEA in assessment and design. The project aims to address China's national weaknesses in the field: dwindling personnel, and weak regulations, radiation safety, and non-destructive testing capabilities. In the future, the PRC and the IAEA would like to see this project as a model for regional program design, and have been exceptionally transparent in presenting the project to potential donors, the Europeans in particular.

¶4. (SBU) In a private follow-up conversation, Chinese Mission DCM Liu Yongde told us plainly that China was pursuing this project through IAEA TC channels as an invitation to international participation in the broader Chinese nuclear industry. Against the backdrop of Chinese plans to invest over USD 100 Billion in nuclear power over the coming 11-12 years, the USD 2 million in IAEA TC contributions sought over three years were to be understood as tokens (our word, his meaning) of partnership. He anticipated the European Commission, Japan, Russia, South Korea and France in its national capacity may all want to be on the roster of contributors as a door-opener to their respective industry actors. Liu said he and the IAEA Secretariat expected extrabudgetary contributions for this project to be forthcoming well in excess of the USD 2 million budget target, and his mission was already discussing with the Office of the Legal Adviser how, procedurally with Board concurrence and practically, to apply excess funds. He encouraged U.S. participation as well.

COMMENT

¶5. (SBU) The IAEA and China received approval from the November 2008 TACC and Board of Governors meetings for this project and the Chinese Government sees this as a priority TC project for the 2009-2011 cycle. Almost all member states in the March 2009 Board highlighted their concerns regarding large gaps in human resource capacity in the nuclear energy sector. China is progressively looking to fill that gap by creating a model that serves its national purposes as well as future regional aspirations. By opening up the training centers to the region, the Chinese can create a stand-alone "business" funded by other countries and subsequently export their knowledge and best practices in this

sector. This also supports China's desire to promote technology transfer and capacity building throughout the region.

¶6. (SBU) In a separate conversation with Msnooffs, the IAEA's TC Director for Europe Peter Salema (TC Director for Asia until he was replaced last month by a Chinese national) shared that China's primary goal during the project planning stage with the TC Division was to make this a regional model which could be exported to other parts of the world. Salema said this is not surprising since China wants to be seen "as the big brother to the developing world" and in the nuclear sector would like to use "partnerships" to get to resources such as uranium, oil, and gas. Salema said he had advocated for the TC project, not because of the regional component, but because this project presented an opportunity for the IAEA to work with China in a transparent way to ensure China has the infrastructure to run its nuclear power program. With relation to the TC program, Mission counts the Chinese approach of making its case for funding to a broader audience than the IAEA TC department alone as a positive example for other beneficiary states.

SCHULTE